

# bulletin



**SPECIAL EDITION**  
EMPLOYEE NEWSLETTER • Fall 2008, Vol.74 No.9

The background of the central section is a dark blue image featuring a faint, technical blueprint of a road or bridge structure. Overlaid on this are vibrant, out-of-focus red light trails, likely from a long-exposure photograph of traffic at night, creating a sense of motion and modern infrastructure.

# Blueprint *for Our* Future

## IN THIS ISSUE

**Commissioner's Column,** [Page 2](#)  
**Blueprint Components,** [Page 3](#)  
**Revenue and Spending,** [Page 4](#)  
**Services,** [Page 5](#)  
**Blueprint Teams Update,** [Page 6](#)  
**Your Input Is Important,** [Page 8](#)

# Blueprint *for Our* Future



On every journey in public service we must be prepared to respond to changing conditions. We do this every day in maintaining and building the commonwealth's transportation system.

We all now understand we must adapt to the changing economy. We're all worried about what will happen in the coming months and years – how our families and friends will be impacted – how we will afford life's every day necessities that cost more every time we go to the grocery store or a gas station.

### **The Economy's Impact on VDOT**

VDOT is also impacted by the downturn in the economy.

In response to this downturn, VDOT must reduce this year's budget by \$227 million. And these challenges are not short-term. These are long-term issues and our agency needs to reduce our overall budget by \$1.9 to \$2.4 billion over the next six years.

We'll have to reduce the six-year improvement program by \$1.1 billion, in addition to the \$1.1 billion in reductions enacted when the current plan was revised in June. These cuts won't come easy and will require us to change the way we do business.

VDOT will make permanent changes – from our organizational structure, priorities and services. No longer can we simply do a little less of all the things we have always done in the past.

Instead, we'll work smarter. We make necessary changes to better position us for success and ensure our service in the future.

### **The Blueprint for Our Future**

In October, I shared with employees and the Commonwealth Transportation Board a Blueprint for how VDOT will address the demand of the next two years and position us to deal with the economic realities for the next six to 10 years.

### **The Blueprint for Our Future focuses on three areas:**

- Organization and staffing
- Services and customer programs
- The construction program

I also established seven teams led by experienced, knowledgeable VDOT leaders to recommend necessary actions to improve efficiencies and reduce spending across the entire agency. These teams will deliver their recommendations to me in December.

Some changes that will occur will happen quickly – within the next month. We'll begin taking action while still finalizing the Blueprint. Others will take considerably more time.

### **Keeping You Informed and Involved**

I've promised to keep you informed as we create and implement the Blueprint for Our Future. Since we started this effort, I've e-mailed VDOT staff every week with updates. I'm also dedicating this edition of the Bulletin to help explain the many areas of this complex issue.

I'll continue my regular e-mails to all staff, and the Bulletin will serve as a monthly resource summarizing the Blueprint actions to date. A special feature will be included in every issue – giving you a high-level recap on our progress.

Each of you has a unique perspective and understanding of our business. Our team leaders need your input. That's why we've established two ways for you to provide your suggestions, feedback and questions.

Simply leave a message at (804) 225-3712, or send an e-mail at [blueprintinput@vdot.virginia.gov](mailto:blueprintinput@vdot.virginia.gov).

Your voicemail and e-mail submissions are compiled into a weekly report that is shared with Blueprint team leaders. The report only includes your suggestions. Every suggestion is seriously considered. Please keep them coming.

The Governor, Secretary, and our citizens appreciate your efforts, energy and enthusiasm for ensuring the safety of Virginia's motorists as we continue to plan, operate, maintain, and build a 21st century transportation system for the commonwealth.

A handwritten signature in blue ink that reads "David S. Ekern".

**David S. Ekern, P.E.**  
**Commissioner**

# BLUEPRINT COMPONENTS

**"VDOT will make permanent changes to its business... to address the demand of the next two years and position us to deal with the economic realities projected for the next six years."**

**The Blueprint focuses on three major areas:**

- Reshaping our Organization and Staffing
- Restructuring Services and Customer Programs
- Restructuring our Construction Program

## Reshaping Our Organization and Staffing

**We've some of the best and brightest at VDOT.** However, economic realities force us to reduce our workforce.

Previous efforts to streamline the area headquarters and sign shops have paid off. We've reduced our management and overhead costs. We've created more effective crew sizes. We're providing consistent levels of service, just from fewer locations.

We must work together to build on these efficiencies. This may call for us to eliminate positions or combine some functions, but every decision will be approached with employees in mind.

We're already examining ways to streamline staffing and plan to:

- Reorganize Central Office to support our core mission and reduce the number of divisions by 30 percent
- Eliminate layers of supervision
- Restructure the purpose, function, location and staffing of residencies and reducing the number of residencies by 30 percent

This won't be easy. We expect to reduce classified employees by six to 10 percent and senior management positions by 20 percent. We'll also eliminate approximately 1,800 vacancies in classified, wage and temporary positions.

We plan to manage these staff reductions through attrition and retirements. Currently, 300 people leave each year. 1,400 employees are eligible for retirement now with 1,000 more eligible in the next five years.

We've restricted hiring to provide us flexibility to reach these staff reductions without impacting current employees. If business needs require the elimination of positions currently filled by employees, we'll communicate clearly and will provide those employees with clear options for their future.

## Restructuring Services and Customer Programs

**Safety is still our top priority.** This means that we'll prioritize services for the greatest impact on our customers. To do this, we may need to change how we provide services to customers and we may adjust our levels of service.

We'll prioritize work from the centerline of the roadway to the edges of right of way. If we must choose between filling a pothole and cutting grass behind the guardrail, we will invest in projects that increase safety first.

VDOT will live up to its mission as an emergency response agency just like fire departments and police agencies. However, we'll do this in ways that are efficient and effective. We'll look beyond our traditional geographic borders to provide support statewide and work together to meet motorists' needs.

We're looking at all of our programs to identify savings – be it through consolidation, reduction or elimination. Creating consistent statewide service standards will help too.

Some areas under consideration are:

- Identifying improvements to roadside assistance programs
- Examining private-sector maintenance services contracts
- Changing our approach to roadway striping, lighting and signing
- Maximizing federal funding opportunities in new ways for maintenance work

We've already identified several areas for savings:

- Reducing emergency reserve funds by \$15 million
- Reducing equipment spending by \$4 million
- Delaying a \$10 million replacement for one Jamestown-Scotland ferry
- Suspending purchase of \$3.4 million in wetland mitigation credits
- Reducing our central office complex security contract, saving \$500,000
- Delaying scheduled pay raises to save \$6 million

## Restructuring Our Construction Program

**Our construction program continues to feel the impacts of the economic downturn.**

In June, the Commonwealth Transportation Board (CTB) was forced to cut construction by \$1.1 billion as state funds were reduced. The transportation funding is uncertain for the coming six years.

We're now facing another reduction. This winter, the CTB will have to cut the six-year improvement program by up to \$1.1 billion as state transportation revenues continue to decline.

The reality is that major projects such as the Springfield Interchange and Woodrow Wilson Bridge will be rare. Public-Private Partnerships will drive the majority of these big projects. VDOT will combine maintenance and construction dollars to fund projects, and we'll focus on the condition of our existing highways before we look at building any new ones.

We'll:

- Prioritize based on safety, system preservation and bridge replacements
- Finish current projects before adding new ones
- Maximize federal funding opportunities

We've also begun working more closely with the construction industry to increase our purchasing power.

For example, night paving may create fewer headaches for motorists, but it increases the cost of a project and its timeline. Working during the day may inconvenience motorists, but projects can be completed faster and cheaper. These and other suggestions to reduce costs are under review to determine which measures truly save money and are feasible to implement.

# REVENUE AND SPENDING

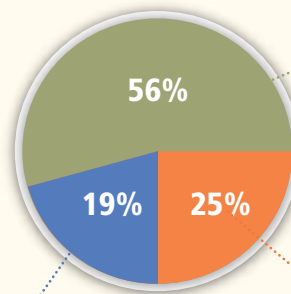
## How VDOT Gets Its Funding

**VDOT is different.** Unlike the other state agencies, we're supported by virtually no general funds.

The majority of all transportation revenues are generated primarily from motor fuel taxes and user fees at the state and federal levels.

The state of Virginia has seen a steep decline in these user fees and in the gas tax revenues. Economists expect that decline to continue in the years to come.

**Transportation needs are funded by a combination of federal and state resources, mostly through user fees.**



### State revenue (\$2.1 billion)

is provided by a wide array of user fees and taxes. The primary state tax transportation revenue sources collected in Virginia are the motor fuels tax, the motor vehicle sales and use tax, the motor vehicle license fees, and the state sales and use tax.

### Other revenue (\$725 million)

sources for construction include anticipated bond proceeds, a portion of the taxes collected on insurance premiums, toll collections and miscellaneous taxes and fees.

### Federal revenue (\$938 million)

is provided to the states from FHWA and the Federal Transit Administration. The major source of federal transportation revenue is the federal gas tax.

## Estimated Spending Reductions Based On October Blueprint Projections (in millions)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	TOTAL
Staffing	\$58	\$87	\$116	\$116	\$116	\$116	\$609
Services / Programs	\$75	\$100	\$100	\$100	\$100	\$100	\$575
CTB Programs	\$94	\$195	\$220	\$191	\$210	\$199	\$1109
<b>Total Reduction</b>	<b>\$227</b>	<b>\$382</b>	<b>\$436</b>	<b>\$407</b>	<b>\$426</b>	<b>\$415</b>	<b>\$2293</b>

For example, for FY 2009, our budget would change from \$3.79 billion to \$3.57 billion to reflect these cuts. Changes in the overall budgets for fiscal years 10 through 14 are dependent upon changes in federal funding sources which are not known at this time.





# SERVICES

## A Focus on Customer Service and Safety

**Ensuring customer service is a big part of the Blueprint**, but changes of the magnitude facing us cannot be made without having some impact on our public-facing programs and services. Critical decisions will be made to determine how VDOT should restructure its programs. Safety won't be compromised, nor will our emergency response capabilities. We'll have to make difficult choices about some of our other service programs such as ferry services, rest areas and customer service centers.

We'll set new standards and ensure level of service consistency across the state. This will mean that each district, from Bristol to Northern Virginia, will treat customers consistently.

Our investments will be made from the highway center line to the edge of right of way to ensure maximum impact to overall safety. This means we'll use our money to provide the greatest positive effect on our customers. We'll prioritize patching a pothole in the travel lanes and striping roadways for safety before cutting grass or trimming trees behind the guardrail.

Our agency provides a core public service, and citizens throughout the commonwealth depend on us to connect them with the important things in their lives. Therefore, as every decision impacting customers is made, we're committed to involving the public.

## Thinking Beyond Geography

**Today's economic realities dictate that the organization and workforce adapt to changing times.** VDOT has operated under a model established in the early 20th century, dictating from where we conducted business and how we organized our department based on geography. We had offices in every county. We localized customer service to ensure customers could get in touch with us quickly. Part of our journey as we enter the 21st century has been to examine ways we could improve to adapt to today's technology. The current economic challenges prompt us to speed up our evolution to a 21st century DOT.

The Blueprint calls for establishing service centers where administrative functions and services could be consolidated and provided. Using technology, we can connect these service centers to provide a consistent service level regardless of where that service is originating.

This means the service centers may serve internal and external customers in one or more districts. The service centers will operate with overlapping and transparent boundaries based on workload – not solely on geography as we had in the past. Districts, divisions or directorates will no longer be able to serve as separate or self-sustaining entities. We'll all work together and depend upon each other to manage our business.

The agency has already been successful in streamlining part of its business such as transportation operations centers and area headquarters. We'll look to build from that progress in other areas of our structure.

**"As the demands on the agency change, VDOT must evaluate the services it delivers and refocus our point of delivery. This means we must look at our current and future levels of service, methods of achieving success and organization of our team."**

**VDOT is looking across the agency for opportunities to change our business and redefine how we deliver our services. These include:**

- Redefining the scope of privatized contracts
- Reviewing all services to ensure statewide consistency
- Defining clear roadside maintenance standards
- Evaluating striping, signing and roadway lighting
- Streamlining services including ferries and rest areas
- Re-evaluating interagency transfer payments

# BLUEPRINT TEAMS UPDATE

**"The Blueprint for Our Future is a plan to address the financial demands of the next two years and position us to deal with the economic realities projected for the next six years. I've established seven teams led by experienced, knowledgeable VDOT leaders to recommend necessary actions to improve efficiencies and reduce costs across the entire agency."**

## Finance Team

The **Finance Team**, headed by Chief Deputy **Greg Whirley**, and Chief Financial Officer **Reta Busher**, is developing a list of actions regarding contracts, services and techniques that can help achieve our cost savings of \$227 million this fiscal year and \$1.9 billion to \$2.4 billion in the next six years.

The team has already collected from each district administrator and chief a set of cost-saving reduction plans. Every line item in VDOT's budget is under consideration, and priorities will be placed on safety – both for motorists and employees.

The Finance Team is already saving where it can:

- Reducing our emergency reserve funds by \$15 million. This is money that we use to offset emergency response spending for hurricanes, blizzards or other emergencies. We'll still have almost \$33 million held in reserve.
- Reducing the equipment spending by \$4 million. The department will still spend approximately \$28 million to replace trucks and heavy equipment. However, we won't be adding equipment to the fleet.
- Delaying a \$10 million replacement for one Jamestown-Scotland ferry. We continue to operate the ferry service with the existing fleet.
- Suspending purchase of \$3.4 million in wetland mitigation credits. These credits won't be needed for projects which have been removed from the construction program.
- Reducing our Central Office complex security contract, saving \$500,000. This will change how security is managed in the Central Office complex, but will continue to ensure the safety of our employees.
- Delaying scheduled pay raises to save \$6 million. This is consistent with Gov. Kaine's decision to delay state employee raises from November 2008 to July 2009.

## CTB Program Update Team

The **Commonwealth Transportation Board (CTB) Program Update Team**, led by **Reta Busher**, is working closely with the districts and the Secretary of Transportation's office to develop a list of projects that will be impacted by an anticipated \$1.1 billion reduction in our current six-year improvement program.

This reduction is on top of the nearly \$1.1 billion the CTB removed from the plan when it was updated this past June. This team will develop a draft revision of the six-year plan for review by the CTB later this year.

"When looking at the magnitude of the revenue reductions over our six-year program, we're facing a fundamental shift in how we approach projects," said Busher. "These new cuts, combined with the \$1.1 billion we had to cut when the current plan was enacted in June, means that we'll have to focus on meeting our federal funding matches and on the projects we can bring to construction. Our long-term wish list projects will have to be shelved."

Emphasis will be placed on safety, reconstruction and bridge replacements. We'll also focus on completing current projects before adding new ones. Public meetings will be held across the state in early 2009 to share the proposed six-year improvement program.

# BLUEPRINT TEAMS UPDATE

## Staffing and Organization Teams

Three sub-groups comprise the **Staffing and Organization Teams**.

Staunton District Administrator **Garrett Moore** and Chief of Technology, Research and Innovation **Gary Allen** are meeting with District Administrators to make changes in our field structure. The **District/Field Team** is charged to develop changes to VDOT's residencies and to shift the agency's customer service activities to a few service centers rather than in every VDOT office. They're working to redefine the purpose, form, function, location and staffing changes necessary to reduce the number of residencies statewide by 30 percent and the number of equipment shops by 40 percent.

The **Business Services Team**, chaired by Chief of System Operations **Connie Sorrell** and Salem District Administrator **Richard Caywood** is reviewing redundant service areas with functions in the Central Office and all nine districts. The team will recommend regional service centers with transparent, overlapping boundaries to make some business functions more efficient. A key example is reducing Transportation Operations Centers (TOCs) from six to five. They're also examining administration, procurement, design, materials, and right of way functions for possible consolidation.

**Commissioner Ekern** is chairing the **Central Office Team** to develop a new organizational structure reducing the number of divisions and streamlining senior management. The team will identify ways of reducing the number of divisions by 30 percent. This team is also looking to reduce the size of the Central Office from 1,300 to 1,000 employees.

## People Transitions and Options Team

Chief of Organizational Development **Meredith Baker** is chairing the **People Transitions and Options Team**. This group will identify employee impacts of the Blueprint. They will explore all possible options for employees whose jobs are touched by our changes. Their work is aimed specifically at minimizing the impact to our workforce and to ensure that our most valuable asset – our employees – are treated with respect and provided with options that smooth this transition.

Commissioner Ekern announced targets in October that reduce classified staff from 8,400 to 7,500 and cut wage and temporary employees from 1,200 to 500. The goal is to focus on a 20 percent reduction of field and Central Office senior management (residency administrators and above in the districts, assistant division administrators and above in the Central Office). The targets for the Central Office also include reductions from 1,300 employees to 1,000.

The team is examining all methods of achieving these reductions including normal turnover as employees leave VDOT for other jobs, retirements and reassignments.

"We'll do everything we can to treat employees with the utmost respect and openness, and will try to minimize the impact of these changes to employees" Ekern said. "But we cannot rule out some targeted layoffs if necessary to achieve these necessary changes."

## Communications Team

The **Communications Team**, chaired by Chief of Communications **Jeff Caldwell**, is working closely with the other teams to ensure that employees receive timely, accurate information about changes within VDOT. It's also developing communications plans to keep external stakeholders aware of how VDOT's Blueprint will impact services and programs that citizens depend upon.

"During times of transition, it's imperative that employees, stakeholders and others invested in the services, programs and composition of a company receive accurate information," said Caldwell. "That's why the Commissioner and our team are committed to provide weekly updates to all employees and strive for openness and transparency with our customers."

The team is using the Bulletin, InsideVDOT, the Weekly Report and additional outreach tools to keep information flowing throughout the agency. At various points, the team will also provide communications updates to external stakeholders through public meetings, Web sites, the media and other tools.

Communications isn't a one-way process. That's why the team is also working to collect employee feedback through the [blueprintinput@vdot.virginia.gov](mailto:blueprintinput@vdot.virginia.gov) e-mail account and (804) 225-3712 Blueprint Input phone line.

As of Nov. 15, nearly 450 suggestions were received to streamline operations, improve service delivery or cut costs. All of these suggestions are being reviewed personally by the Commissioner and by the Blueprint teams for possible implementation.

## YOUR INPUT IS IMPORTANT

### No one knows our business better than you.

The decision-making process must be methodical and based on a clear set of priorities. VDOT must adapt its business structure in order to thrive in the coming years.

Two methods to provide your feedback are available – voicemail and e-mail. When you submit your suggestion, it's compiled into a weekly report that's given to Blueprint team leaders. Your name and your location aren't provided. All submissions are anonymous.

So far, the commissioner has received hundreds of e-mails and voicemails. Keep your ideas coming.

### No one knows our business better than you

Share your thoughts on how VDOT can save money and better position itself in the future by either leaving a voicemail at:

**(804) 225-3712**

or by e-mailing:

**[blueprintinput@vdot.virginia.gov](mailto:blueprintinput@vdot.virginia.gov)**